

Addendum #7: DMAS Response to Bidders

#	RFP Ref.	Question	DMAS Response
1.	Addendum #6, Item 5, Section 6	<p>In your Addendum 6 letter, #5, Section 6, third paragraph, it states, “Contractor shall propose PMPM rates for each year of the contract, or shall propose an index that will be used for adjusting PMPM rates each year for the term of the Contract.</p> <ol style="list-style-type: none"> 1. What type of index are you referring to? 2. Is a bidder required (or allowed) separate indexes for transportation services versus administrative services? 3. May multiple indexes be used? 	<ol style="list-style-type: none"> 1. The index refers to a cost index that would serve as a benchmark for annual payment adjustments. DMAS expects the index to be specific to transportation and/or non-emergency transportation providers. 2. The bidder may not submit separate cost indexes for transportation and administrative services. 3. The bidder is expected to submit a single index. DMAS is not obligated to accept the index of any bidder and may elect to substitute another index during contract negotiations.
2.	Addendum #6, Item 5, Section 6	<p>In #5, Section 6, fourth paragraph, it states, “The actual monthly user rate for each month of quarter shall be averaged together to reach the actual user rate for that quarter. If the actual user rate of a quarter varies by more than 2 percentage points higher or lower than the proposed user rate, DMAS shall adjust the payment rate made for this eligibility category to the Contractor.”</p> <ol style="list-style-type: none"> 1. Can you provide an example from one quarter to the other how this would be adjusted? 2. Will both positive and negative adjustments be made? 3. With transportation providers submitting claims as late as 6 to 9 	<ol style="list-style-type: none"> 1. An example of the MR/DD quarterly adjustment is set forth below. For this example, the proposed bid PMPM for the MR/DD population is \$100, and the bidder’s assumed user rate is 52.5%. The contractor will report the unduplicated number of users each month. The quarterly average will be calculated as the weighted average of the three monthly user rate/user rate for the three-month period. If the actual user rate for the quarter varies by more than 2.0% from 52.5%, the 2% variation threshold is met, and the adjustment to the payment will be calculated as follows: The proposed bid PMPM divided by the bidder’s assumed user rate, multiplied by the actual user rate. The proposed bid PMPM will then be subtracted from the adjusted PMPM. This number will then be multiplied by the number of MR/DD eligibles per month for that quarter to arrive at the quarterly adjustment made to the provider for that quarter. For example:

Addendum #7: DMAS Response to Bidders

#	RFP Ref.	Question	DMAS Response																								
		<p>months, how often will these payment rates be adjusted?</p> <p>4. This caption reads as if DMAS wants to alter rates based on monthly utilization of this population. Is this a practice DMAS uses with HMOs and their medical service rates?</p>	<p><u>Bidder's assumed user rate = 52.5%</u></p> <table border="1"> <thead> <tr> <th colspan="4">Actual User Rate</th></tr> <tr> <th>Month</th><th>MR/DD Eligibles*</th><th>Use Service</th><th>% Users</th></tr> </thead> <tbody> <tr> <td>July</td><td>6,000</td><td>3,150</td><td>52.50%</td></tr> <tr> <td>Aug</td><td>6,250</td><td>3,594</td><td>57.50%</td></tr> <tr> <td><u>Sept</u></td><td><u>6,600</u></td><td><u>3,623</u></td><td><u>54.90%</u></td></tr> <tr> <td>Total</td><td>18,850</td><td>10,367</td><td>55.00%</td></tr> </tbody> </table> <p><i>* [The total number of eligibles will be based on DMAS reconciliation of eligibility counts for the time period. User rates will be calculated to the nearest one tenth of a percent.]</i></p> <p>Average actual user rate for this quarter is 55.0%. Therefore, because the average actual user rate exceeds the proposed user rate of 52.5% by 2.5%, the 2% variation threshold has been met. The adjusted PMPM is:</p> $\$100/.525 * .550 = \104.76 <p>Adjusted PMPM – proposed bid PMPM: \$104.76 - \$100 = \$4.76.</p> $\$4.76 * 18,850 = \$86,726.00.$ <p>In this example, \$86,726.00 would be the adjustment to the payment made to the broker for this quarter.</p> <p>2. Yes.</p>	Actual User Rate				Month	MR/DD Eligibles*	Use Service	% Users	July	6,000	3,150	52.50%	Aug	6,250	3,594	57.50%	<u>Sept</u>	<u>6,600</u>	<u>3,623</u>	<u>54.90%</u>	Total	18,850	10,367	55.00%
Actual User Rate																											
Month	MR/DD Eligibles*	Use Service	% Users																								
July	6,000	3,150	52.50%																								
Aug	6,250	3,594	57.50%																								
<u>Sept</u>	<u>6,600</u>	<u>3,623</u>	<u>54.90%</u>																								
Total	18,850	10,367	55.00%																								

Addendum #7: DMAS Response to Bidders

#	RFP Ref.	Question	DMAS Response
			<p>3. Adjustments will be based on analysis three (3) months after the end of the quarter of incurred (date of service) claims submitted. As indicated in the RFP, adjustments will be calculated each quarter. The most recently reconciled eligibility file for the quarter will be used. Expected periods of analysis will be July-September, October-December, January- March and April-June. These may be adjusted depending upon the actual date of execution and implementation of the contract</p> <p>4. This potential payment adjustment applies only to the MR/DD population. DMAS approved additional MR/DD slots beginning in July 2004. DMAS is providing this risk adjustment for this population because historic user rates may not reflect the actual user rate on a going forward basis, and because the actual user rate may vary by region.</p> <p>DMAS will not alter rates based on monthly utilization of this population. The adjustment is made if the proportion of enrollees who use services changes from the expected levels. DMAS believes this is a component of the program over which the broker has limited influence. Actual utilization per user is not considered in the adjustment. DMAS makes a similar adjustment to Medallion II contracting health plans when a plan's CDPS risk assessment score changes by a defined amount and the change correlates with a change in the population for which a plan is at risk.</p>
3.	Addendum #6, Item 5, Section	In #5, Section 6, seventh paragraph, it states, "The Contractor shall not receive and shall	1. Both the Start-up Costs (Attachment F) and the PMPM

Addendum #7: DMAS Response to Bidders

#	RFP Ref.	Question	DMAS Response
	6	<p>not be entitled to any payments, other than any start-up costs authorized and reimbursed by DMAS, prior to implementation.”</p> <ol style="list-style-type: none"> 1. Please explain how this start-up cost will be considered as part of the overall (financial scoring) financial evaluation? 2. How will it be incorporated into the PMPM being submitted, since it is not listed on the schedules as part of the PMPM? 	<p>Cost Proposal Form (Attachment I) will be evaluated and factored into one Cost Analysis Form depicting total cost for the initial contract period.</p> <ol style="list-style-type: none"> 2. DMAS may pay start-up costs in its sole discretion. Start-up costs cannot be included as part of the bidder’s proposed PMPM rates.
4.	Addendum #6, Item 7	<p>In # 7, first paragraph, it states, “The eligibility file cannot provide an accurate count of the total number of eligible recipients for the month”.</p> <ol style="list-style-type: none"> 1. If this is so, how will brokers be able to reconcile their monthly payments from DMAS? 2. Wouldn’t the inclusion of a field with actual retroactive eligibility date of new eligibles provide the accurate number of member months to be included in that monthly PMPM payment? Why can’t this information be provided? 	<ol style="list-style-type: none"> 1. The eligibility file that is sent to the broker(s) every 6th and 20th of the month is a prospective snapshot of the DMAS eligibility file as of that day and only for that day. The file, created on the 6th of the month, is used for calculating the payment to the broker for eligible recipients for the month. The second step in calculating the payment is a retrospective count of the months of retroactive eligibility added since the previous payment calculation. Accompanying the monthly payments to the broker(s) will be a remittance advice that will display the breakdown of both prospective and retrospective payments by region and date of retroactive eligibility. 2. The eligibility file sent to the broker(s) will include eligibility categories and the recipients’ eligibility “begin” dates.
5.	Addendum #6, Item 13	#13, <u>Section 8.2.5 Cost</u> . “For the MR/DD population, the proposed bid price will be	<ol style="list-style-type: none"> 1. Yes, 52% is the average proportion of persons throughout the state in the MR/DD eligibility category

Addendum #7: DMAS Response to Bidders

#	RFP Ref.	Question	DMAS Response
		<p>adjusted to reflect an average level of users per eligible at 52%”.</p> <ol style="list-style-type: none"> 1. Is this the “proportion of persons within this eligibility category who have utilized non-emergency transportation services (the “proposed user rate”) as stated in #5, 6. fourth paragraph, page 2 of 7. 2. Is DMAS representing that the 52% has been the historical utilization usage for this population? 	<p>who historically have used non-emergency transportation services.</p> <ol style="list-style-type: none"> 2. The 52% is the statewide historical average proportion of persons in the MR/DD eligibility category who, according to historic claims information provided by the incumbent broker, have used non-emergency transportation services from October 2003 to September 2004, the data period summarized in Appendix E. DMAS makes no representations or warranties regarding the accuracy or completeness of the claims data.
6.	Addendum #6, Attachment B	<p>Attachment B – Summary of Claims, Upgrades and Member Months. If you annualize the Q3 2003 costs of \$9.2 Million, it equates to \$37 Million. <i>[DMAS note: The reference appears to be to Q3 2004, not Q3 2003.]</i> Adding the \$1.6 million in upgrades brings this to roughly \$38.6 Million. However, LogistiCare’s actual costs for this period were close to \$41 Million. We believe the discrepancy is due to two reasons: a) claims denied by PWC of roughly \$1 Million, and b) subcontract arrangements in regions 1 and 7 that are not reflected in trip claims.</p> <ol style="list-style-type: none"> 1. Can DMAS share with all bidders the value of claims paid to providers by LogistiCare but rejected by PWC in their review? Can DMAS please provide the reasons for rejecting these paid amounts? 	<ol style="list-style-type: none"> 1. Data analysis compared LogistiCare submitted claims to the DMAS eligibility file. Data are summarized by date of service. Claims were excluded for a number of reasons, including <ul style="list-style-type: none"> • Date of service is outside of the historical analysis period • Duplicate claims • Incorrect or missing Medicaid ID • Person not eligible for Medicaid on date of service • Person enrolled in a managed care plan on date of service • Person not in an aid code eligible for non-emergency transportation under the brokerage contract on date of service <p>There has been more than one analysis of LogistiCare data covering different time periods. For the most recently submitted data, covering claims paid in calendar years 2003 and 2004, approximately \$1 million was excluded for the two-year period. For the time period</p>

Addendum #7: DMAS Response to Bidders

#	RFP Ref.	Question	DMAS Response
		<p>2. LogistiCare pays two subcontractors, one in Region 1 and one in Region 7 for transportation services through a monthly management agreement (and not on a per trip basis). The value of these agreements is roughly \$250,000 and \$900,000 per year, respectively. It seems that Attachment B of Addendum 6 – fails to include these cost, both of which have been verified by DMAS and PWC. Will there be a revised Attachment B which includes all cost paid in each region?</p>	<p>presented in the Attachment data tables included in the RFP, approximately \$600,000 was excluded. An additional amount of upgrade dollars were excluded if they could not be matched to the original accepted claims.</p> <p>2. Some, but not all, of these subcontractor costs are included. Cost and utilization for the subcontractor in Region 7 who is paid a monthly fixed fee for trips is included in the Region 7 and totals in Attachment B and in the MR/DD data in Attachments E.. The monthly management fee for the subcontractor in Region 1 is not included because the agreement is for administrative services, not transportation services. DMAS does not plan to provide a revised Attachment B and Attachment E.</p>
7.	Addendum #6, Item 13	Can you please provide the actual “average monthly enrollment for each eligibility category for the region” (#13, 5.Cost) that will be used in evaluating the cost proposals?	<p>1. There is no actual average monthly enrollment for each eligibility category that will be used to evaluate the cost proposals. Bidders may calculate the historic average monthly enrollment for each eligibility category for each region from the tables provided. Historical data is provided by quarter to permit the bidder to evaluate any historical changes in the eligible population and use of services.</p>
8.	RFP, Start-up Date	With the revised additions to the RFP has the start-up date been changed? If so, what will the official start-up date be?	<p>The original start-up date of July 1 2005 was intended to allow the broker(s) approximately 90 days for implementation after the contract is awarded. DMAS wants the broker(s) to have sufficient time to implement the contract(s) efficiently and effectively. In their plans for implementation, bidders should state the amount of time they will need for implementation after the award of the</p>

Addendum #7: DMAS Response to Bidders

#	RFP Ref.	Question	DMAS Response
			contract(s) and their projected start date. DMAS estimates that, depending on the size of the contract(s), this could range from 60 to 120 days.
9.		Will you provide MR/DD utilization per region?	No.
10.	Addendum #6, Attachment J	Given the point estimates cover multiple regions, can the State provide us with the current capitated rates being paid to the incumbents?	Refer to Addendum 6, Attachment J.
11.	RFP	Will the state consider removing or adjusting the 15% admin rate to 20%?	No.